

STATE OF TEXAS §  
COUNTIES OF ARANSAS §  
SAN PATRICIO AND NUECES §  
CITY OF ARANSAS PASS §

On this the 9<sup>th</sup> day of April, 2007 the City Council of the City of Aransas Pass convened in a Special Called Council Meeting being open to the Public at the regular meeting place thereof in the City Hall and notice of said meeting giving the time, place, date and subject hereof having been posted and prescribed by Chapter 551 of the Texas Government Code with the following attendance to wit constituting a quorum.

PRESENT: Frank Hametner Mayor  
Tommy Knight Mayor Pro Tempore  
Jay Attaway, Council Member  
Vickie Abrego, Council Member

ABSENT: Grace Chapa, Council Member

ADMINISTRATIVE  
PERSONNEL PRESENT: Mike Sullinger, Interim City Manager  
Allen Lawrence, City Attorney  
Ada Owens, City Secretary

ADMINISTRATIVE  
PERSONNEL ABSENT: None

STAFF PRESENT: Darren Gurley, Public Works Director

OTHERS PRESENT: Ralph & Lu Arcemont, Jim & Alpha Covington, Joe Adame, Ann P. Melton, Jerry Anderson, Charlie Marshall

(There may have been others present who did not sign in.)

**ITEM 1. CALL MEETING TO ORDER.**

Mayor Hametner called the meeting to order at 5:30 p.m., April 9, 2007.

**ITEM 2. PRESENTATION FROM PROPERTY MANAGEMENT COMPANIES ON MANAGEMENT OF CITY PROPERTIES.**

Mayor Hametner stated two representatives from real estate brokerage firms from Corpus Christi, Mr. Joe Adame and Mr. Trey Bates, were present.

Mayor Hametner introduced Mr. Harlan Roberts to speak before the presentations from Mr. Adame and Mr. Bates.

Mr. Roberts stated he had started working with the City Manager on the Harbor project two months ago. He stated he and the City Manager wanted to bring out the difficulties of leasing commercial properties and look at the capabilities that the City would need to manage the property. Managing \$30M worth of property on approximately 15,000 linear feet of property was a tremendous project but they had to look at the responsibilities in order to get the income from the harbor. Different income from commercial ventures is leasing front footage, leasing land, and just as important, what would be built on the property, what tax dollars the property would generate for the City, what kind of jobs would development bring in, what impact would development have on the service industries in the City, will there be additional housing and commercial buildings built because the lessees are located in the City. Those are the things commercial people know how to do and they know how to advise clients as to that impact. He stated he did not think the City could hire someone to do that, it takes a group of people. He stated it was never his intent to say raise the rent immediately on the present tenants, to run them out of business. The City would Grandfather in the present tenants that pay on time and work them into the scheme of things. The City has to start somewhere and new leases set the base for the future and that is why Mr. Sullinger and I asked these two very professional brokers to make their presentations.

Mr. Trey Bates with W. L. Bates Company stated his company has a long history in the Coastal Bend, being here for 60 years. He stated the company does many types of commercial and industrial properties and has been doing a lot of work in San Patricio and Aransas County areas. His job was to assist clients in whatever real estate requirement or need they have. If the Council chose to hire his company to assist them with Conn Brown Harbor, their job would be to act as the City's real estate department. They would work for the City and do not intend to be a developer. The Council would be the decision makers and his company would be the advisors. He stated his company does market research, takes transactions and ideas and moves them forward, assists in decision making, and gives the best advice with the best market knowledge available. He stated on this project the company would look at what the market rent rate would be and how a plan could be implemented. He stated he would find tenants and developers that would be interested in the project and leasing property for a specific type of use.

He stated the company would look at market conditions, look at and solicit potential tenants, help negotiate the rental agreement, and assist in the property management which would include, beyond the transaction phase and completion of the lease, assisting and collecting of the lease payments and making sure the leases were implemented within the boundaries of the agreement. Mr. Bates related some of the history of the company in the area including their management of the Kiwit project, Flint Hills Resources, Red Fish Bay Terminal, and the National Steel project.

Mr. Bates stated the company would provide comparable lease rate data that would enable the Council to determine market rates for City property, recommend the highest and best use of the City's property. The company would provide management and pre-screening of lease applications, develop marketing materials to distribute to local and regional brokerage communities, prepare and review all proposed leases, conduct negotiations on behalf of the City, manage the leased properties for the collection and account of all lease payments and compliance of lease terms, and provide necessary administrative personnel for the management of the properties.

Mayor Hametner thanked Mr. Bates for his presentation.

Mr. Joe Adame with Joe Adame & Associates, Inc. stated a major part of the property management company's job was to build citizen confidence. Citizens must have confidence that the Council is doing the right thing in the long term. When the property goes to the market there must be a very good comfort level for developers and investors in the community. He stated good quality developers have opportunities in a lot of places and will choose the path of least resistance and if there is not an open door policy for the developers, the City will get a secondary type of developer that may not fulfill what they promise they can do.

Mr. Adame stated it was important to understand what the City has. He stated he did not know what the City has, he had not reviewed the harbor leases. The first thing to do was to know what you have to work with. What are the leases, what are the conditions, what has and has not been promised, where are the locations, what is the condition of the buildings? Once the broker has that knowledge he can make recommendations on what to do with the existing leases and tenants. He stated there was a lot of due diligence to be done on analyzing the existing infrastructures and existing leases. He stated when he talks about the management, he talks about the budget. What kind of income is there? How are each one of the leases valued? When there is an income stream, how is it valued? In management you understand the income, the condition of all the leases, and the day to day challenges of managing the leases. There may be some day to day issues that he could offer recommendations or streamline to better serve the people that are already there.

Mr. Adame stated the second phase is possible redevelopment of the marina, how to manage what is there, how you recluster is part of the next phase of the marina and that would need a tremendous amount of thought and planning given to it. What we envision or think we can have in the harbor has to make sense with the market. How deep is the market? He stated he understood the development side of the market. The one thing unique about this property, this assignment, is the income creates value, but the tax base that is generated and how that is spent is really the plum of this thing long term. He stated he assumes the City wants a plan that makes sense aesthetically, from a market standpoint, a plan people can afford. The last thing the City needs is development that cannot be leased, you want to be successful from one phase to the next. Long term the City will have created a tax base in the harbor that will build the community in a way that is very financially stable. He stated his proposal starts with how they would manage the property and how they would gain the needed knowledge of the harbor. The second phase is the development, how do they analyze the development of a project? How do they coordinate that development with the City's land planners? How do they understand the infrastructure, the utilities, going into the area, how is that cost factored into what they eventually end up with, leasing or selling land? The third part of the proposal is how the harbor is marketed. He stated his company had to use those tools within their organization to reach out to those business relationships the company has in other places to make this a successful venture.

Mayor Hametner thanked Mr. Adame for his presentation.

**ITEM 3. CONSIDER AND ACT ON CONTRACTING WITH A PROPERTY MANAGEMENT COMPANY.**

Mayor Hametner stated the Council would not choose a property management tonight. He stated he wanted the people to talk to the members of the Council about the proposals. He stated he wanted the Council to consider what they were going to do and allow at least two weeks for that process to take place.

Council Member Attaway stated the first thing the Council needed to do was consummate the contract with the GLO 100 percent, so they would know exactly where they stand and a new City Manager would be hired in the near future. He stated those two events needed to come to pass before the Council makes a decision.

Mayor Hametner stated the City had gone through a process for several years attempting to do some development work in the harbor. The present Council disagreed with the former Council and the majority of the people disagreed with those ideas and plans of the previous Council and that was why the City had a new Council. He stated as a result, the former Council saddled the City with some legal difficulties.

After discussion, the consensus of the Council was to consider the proposals for two weeks. No action was taken

**ITEM 4.**        **ADJOURNMENT OF MEETING.**

Mayor Hametner adjourned the meeting at 6:15 p.m.

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ATTEST:

Frank C. Hametner, Mayor

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Ada Owens, City Secretary